

**STATE BUILDING AUTHORITY OF
THE STATE OF MICHIGAN**
(a blended component unit of the
State of Michigan)

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

**For the Year Ended
September 30, 2005**



REHMANN ROBSON

Certified Public Accountants

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1-2
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	3-4
Management's Discussion and Analysis	5-7
Basic Financial Statements	
Statement of Net Assets	8
Statement of Activities	9
Statement of Net Assets and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	11
Notes to Financial Statements	12-21
Independent Auditors' Report on Supplementary Information	22
Supplementary Information	
Commercial Paper Program, Series 3:	
Project Balance Sheet	23
Schedule of Project Revenue, Expenditures and Changes in Project Equity	24
1998 Revenue Refunding Bonds, Series I:	
Project Balance Sheet	25
Schedule of Project Revenue, Expenditures and Changes in Project Equity	26
1999 Revenue Bonds, Series I:	
Project Balance Sheet	27
Schedule of Project Revenue, Expenditures and Changes in Project Equity	28

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Table of Contents (Continued)

	<u>PAGE</u>
Supplemental Information (Continued)	
2000 Revenue Bonds, Series I:	
Project Balance Sheet	29
Schedule of Project Revenue, Expenditures and Changes in Project Equity	30
2001 Revenue Bonds, Series I:	
Project Balance Sheet	31
Schedule of Project Revenue, Expenditures and Changes in Project Equity	32
2001 Revenue Refunding Bonds, Series I:	
Project Balance Sheet	33
Schedule of Project Revenue, Expenditures and Changes in Project Equity	34
2001 Revenue Bonds, Series II:	
Project Balance Sheet	35
Schedule of Project Revenue, Expenditures and Changes in Project Equity	36
2002 Revenue Bonds, Series I:	
Project Balance Sheet	37
Schedule of Project Revenue, Expenditures and Changes in Project Equity	38
2002 Revenue Bonds, Series II:	
Project Balance Sheet	39
Schedule of Project Revenue, Expenditures and Changes in Project Equity	40
2002 Revenue and Refunding Bonds, Series III:	
Project Balance Sheet	41
Schedule of Project Revenue, Expenditures and Changes in Project Equity	42
2003 Revenue Refunding Bonds, Series I:	
Project Balance Sheet	43
Schedule of Project Revenue, Expenditures and Changes in Project Equity	44
2003 Revenue Refunding Bonds, Series II:	
Project Balance Sheet	45
Schedule of Project Revenue, Expenditures and Changes in Project Equity	46

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Table of Contents (Concluded)

	<u>PAGE</u>
Supplemental Information (Concluded)	
2004 Revenue and Refunding Bonds, Series I:	
Project Balance Sheet	47
Schedule of Project Revenue, Expenditures and Changes in Project Equity	48
2005 Multi-Modal Revenue Bonds, Series I:	
Project Balance Sheet	49
Schedule of Project Revenue, Expenditures and Changes in Project Equity	50
2005 Revenue and Refunding Bonds, Series I:	
Project Balance Sheet	51
Schedule of Project Revenue, Expenditures and Changes in Project Equity	52
Schedule of Bonds Payable (at Par), Including Mandatory Redemption Provisions	53



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INDEPENDENT AUDITORS' REPORT

November 2, 2005

Mr. Robert C. Carr, Chairperson
State Building Authority of the State of Michigan
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA
Auditor General
State of Michigan
Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the ***State Building Authority of the State of Michigan***, a blended component unit of the State of Michigan, as of and for the year ended September 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the State Building Authority of the State of Michigan at September 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis presented on pages 5 through 7 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 2, 2005, on our consideration of the State Building Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, reading "Lehmann Lobson". The signature is written in a cursive, flowing style with a large initial 'L'.

**Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters Based
on an Audit of Financial Statements
Performed in Accordance with
*Government Auditing Standards***



REHMANN ROBSON

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

November 2, 2005

Mr. Robert C. Carr, Chairperson
State Building Authority of the State of Michigan
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA
Auditor General
State of Michigan
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the State Building Authority of the State of Michigan, a blended component unit of the State of Michigan, as of and for the year ended September 30, 2005, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State Building Authority of the State of Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Building Authority of the State of Michigan's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the State Building Authority of the State of Michigan and the Auditor General of the State of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

Management's Discussion and Analysis

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Management's Discussion and Analysis

This section of the annual financial report of the State Building Authority (the "Authority") presents our discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2005. The Authority is a blended component unit of the State of Michigan (the "State"). Readers are encouraged to consider this information in conjunction with the accompanying financial statements and notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements consist of 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Because the Authority is a blended component unit of the State of Michigan, all of the statements presented in this discussion focus on the Authority, an individual part of the government, reporting only on that one component within the State of Michigan.

- The financial statements and management's discussion and analysis provide both long and short-term information about the Authority's overall financial status.
- Management's discussion and analysis provides a narrative overview of the financial statements from management's perspective.
- The basic financial statements provide information about the Authority's overall financial status.
- The notes to the financial statements explain some of the information in the financial statements and provide more detailed data

Condensed Financial Information

<u>Fiscal year ended September 30</u>	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Total net assets	\$ 50,305,329	\$ 48,554,884
Total assets	3,147,295,211	3,221,305,498
Short-term debt	334,177,000	449,170,000
Long-term liabilities	2,608,469,301	2,618,039,713
Total liabilities	3,096,989,882	3,172,750,614
Revenues:		
Program revenues	133,322,058	133,455,683
General revenues	5,437,361	21,401,722
Expenses	137,008,974	129,814,990
Change in net assets	1,750,445	20,042,415

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Management's Discussion and Analysis - (Continued)

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority maintains two governmental funds.

Unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide an adjustment column to facilitate this comparison between governmental funds and the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-21 of this report.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Management's Discussion and Analysis - (Concluded)

Financial Analysis of the Authority

Net assets of the Authority increased \$1,750,445 to an ending balance of \$50,305,329. The increase in net assets is the result of the Authority issuing one series of revenue bonds and another series of refunding bonds during the fiscal year. The Authority issued: 2005 Series I Multi-Modal Revenue Bonds in the amount of \$189,300,000 and 2005 Series I Revenue Refunding Bonds in the amount of \$293,395,000. The 2005 Series I bonds refunded the 1999 Series I, 2001 Series I and 2001 Series II Revenue Bonds.

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported a combined ending fund balance deficit of \$133,853,462, a reduction in the deficit of \$108,197,017 in comparison with the prior year. This amount was comprised of debt service fund balance of \$193,647,573, and a fund balance deficit in the capital projects fund of \$327,501,035. This deficit has been and continues to be largely the result of the Authority's use of short-term debt to finance certain project costs in advance of bonding.

Long-Term Debt Activity

During the current fiscal year the Authority issued two series of bonds totaling \$482.7 million. The Authority issued 2005 Series I Multi-Modal Revenue Bonds on January 20, 2005 with a par amount of \$189.3 million. The 2005 Series I Multi-Modal Revenue Bonds financed one state and 13 college or university projects. The final maturity of the 2005 Series I Multi-Modal Revenue Bonds is October 15, 2039.

The Authority issued 2005 Series I Revenue Refunding Bonds on May 19, 2005 with a par amount of \$293.4 million. The 2005 Series Revenue Refunding Bonds refunded the Authority's prior 1999 Series I Revenue Bonds, 2001 Series I Revenue Bonds and 2001 Series II Revenue Bonds. The 2005 Series I Revenue Refunding Bonds have a final maturity of October 15, 2033.

Recent Events

On October 18, 2005 the Authority issued 2005 Revenue and Revenue Refunding Bonds, Series II (Facilities Program) with a par amount of \$242.8 million. This bond issue provided funds for the Authority to repay the Department of Treasury for the purchase of Constitution Hall and refunded the Authority's prior 2000 Revenue Bonds, Series I (Facilities Program) dated December 7, 2000.

There are no other known facts, decisions, or conditions in terms of events that occurred subsequent to September 30, 2005 through the date of this report that are expected to effect the Authority's financial position or results of operations.

Basic Financial Statements

State Building Authority of the State of Michigan
Statement of Net Assets
September 30, 2005

	Governmental Activities
ASSETS	
Current assets	
Investments	\$ 210,534,053
Accrued interest receivable	536,235
Due from State of Michigan	6,408
Current portion of leases receivable	107,499,170
Project costs in progress	336,816,363
	<hr/>
Total current assets	655,392,229
	<hr/>
Noncurrent assets	
Investments	6,000,000
Debt issuance costs, net	18,306,968
Leases receivable, net of current portion	2,467,596,014
	<hr/>
Total noncurrent assets	2,491,902,982
	<hr/>
Total assets	3,147,295,211
	<hr/>
LIABILITIES	
Current liabilities	
Accounts payable and other liabilities	245,953
Due to State of Michigan	15,623,879
Accrued interest payable	56,398,749
Short-term debt	334,177,000
Current portion of long-term debt	82,075,000
Total current liabilities	488,520,581
	<hr/>
Long-term liabilities	
Long-term debt, net of current portion	2,608,469,301
	<hr/>
Total liabilities	3,096,989,882
	<hr/>
NET ASSETS	
Restricted for debt service and construction	\$ 50,305,329
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

State Building Authority of the State of Michigan
Statement of Activities
Year Ended September 30, 2005

	Governmental Activities
Expenses	
General government - administration	\$ 879,030
Interest on long-term debt	135,104,730
Amortization of debt issue costs	<u>1,025,214</u>
Total expenses	<u>137,008,974</u>
Program revenues	
Charges for services:	
Lease revenue	130,251,911
Other revenue	<u>3,070,147</u>
Total program revenues	<u>133,322,058</u>
Net revenue (expense)	(3,686,916)
General revenues	
Unrestricted investment earnings	<u>5,437,361</u>
Change in net assets	1,750,445
Net assets	
Beginning of year	<u>48,554,884</u>
End of year	<u><u>\$ 50,305,329</u></u>

The accompanying notes are an integral part of these financial statements.

State Building Authority of the State of Michigan
Statement of Net Assets and
Governmental Funds Balance Sheet
September 30, 2005

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
ASSETS					
Current assets					
Investments	\$ 187,216,792	\$ 23,317,261	\$ 210,534,053	\$ -	\$ 210,534,053
Accrued interest receivable	467,301	68,934	536,235	-	536,235
Due from State of Michigan	6,408	-	6,408	-	6,408
Current portion of leases receivable	-	-	-	107,499,170	107,499,170
Project costs in progress	-	-	-	336,816,363	336,816,363
Total current assets	<u>187,690,501</u>	<u>23,386,195</u>	<u>211,076,696</u>	<u>444,315,533</u>	<u>655,392,229</u>
Noncurrent assets					
Investments	6,000,000	-	6,000,000	-	6,000,000
Debt issuance costs, net	-	-	-	18,306,968	18,306,968
Leases receivable, net of current portion	-	-	-	2,467,596,014	2,467,596,014
Total noncurrent assets	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>2,485,902,982</u>	<u>2,491,902,982</u>
Total assets	<u><u>\$ 193,690,501</u></u>	<u><u>\$ 23,386,195</u></u>	<u><u>\$ 217,076,696</u></u>	<u>2,930,218,515</u>	<u>3,147,295,211</u>
LIABILITIES					
Current liabilities					
Accounts payable and other liabilities	\$ 42,928	\$ 203,025	\$ 245,953	-	245,953
Due to State of Michigan	-	15,623,879	15,623,879	-	15,623,879
Accrued interest payable	-	883,326	883,326	55,515,423	56,398,749
Short-term debt	-	334,177,000	334,177,000	-	334,177,000
Current portion of long-term debt	-	-	-	82,075,000	82,075,000
Total current liabilities	<u>42,928</u>	<u>350,887,230</u>	<u>350,930,158</u>	<u>137,590,423</u>	<u>488,520,581</u>
Long-term liabilities					
Long-term debt, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,608,469,301</u>	<u>2,608,469,301</u>
Total liabilities	<u>42,928</u>	<u>350,887,230</u>	<u>350,930,158</u>	<u>2,746,059,724</u>	<u>3,096,989,882</u>
FUND BALANCES					
Unreserved (deficit)	<u>193,647,573</u>	<u>(327,501,035)</u>	<u>(133,853,462)</u>	<u>133,853,462</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 193,690,501</u></u>	<u><u>\$ 23,386,195</u></u>	<u><u>\$ 217,076,696</u></u>		
NET ASSETS					
Restricted for debt service and construction				<u>\$ 50,305,329</u>	<u>\$ 50,305,329</u>

The accompanying notes are an integral part of these financial statement

**State Building Authority of the State of Michigan
Statement of Activities and
Governmental Funds Revenues, Expenditures
and Changes in Fund Balances
Year Ended September 30, 2005**

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenue					
Investment income	\$ 3,284,278	\$ 2,153,083	\$ 5,437,361	\$ -	\$ 5,437,361
Lease revenue	239,080,640	-	239,080,640	(108,828,729)	130,251,911
Other revenue	6,408	3,063,739	3,070,147	-	3,070,147
Total revenue	242,371,326	5,216,822	247,588,148	(108,828,729)	138,759,419
Expenditures / Expenses					
Current - general government	745,194	153,827	899,021	(19,991)	879,030
Capital outlay	-	62,352,857	62,352,857	(62,352,857)	-
Capital outlay reimbursed to State of Michigan	-	7,724,972	7,724,972	(7,724,972)	-
Debt service:					
Principal	119,933,846	-	119,933,846	(119,933,846)	-
Interest and fiscal charges	128,675,296	8,419,156	137,094,452	(1,989,722)	135,104,730
Debt issuance costs	2,470,303	685,982	3,156,285	(3,156,285)	-
Amortization of debt issuance costs	-	-	-	1,025,214	1,025,214
Total expenditures/expenses	251,824,639	79,336,794	331,161,433	(194,152,459)	137,008,974
Revenue over (under) expenditures/expenses	(9,453,313)	(74,119,972)	(83,573,285)	85,323,730	1,750,445
Other financing sources (uses)					
Long-term debt issued	-	189,300,000	189,300,000	(189,300,000)	-
Refunding debt issued	293,395,000	-	293,395,000	(293,395,000)	-
Premiums on refunding debt	21,302,120	-	21,302,120	(21,302,120)	-
Payment to refunding escrow agent	(312,226,818)	-	(312,226,818)	312,226,818	-
Transfers in	7,828,905	705,733	8,534,638	(8,534,638)	-
Transfers out	(705,733)	(7,828,905)	(8,534,638)	8,534,638	-
Total other financing sources (uses)	9,593,474	182,176,828	191,770,302	(191,770,302)	-
Change in fund balances / net assets	140,161	108,056,856	108,197,017	(106,446,572)	1,750,445
Fund balances / Net assets (deficit)					
Beginning of year	193,507,412	(435,557,891)	(242,050,479)	290,605,363	48,554,884
End of year	<u>\$ 193,647,573</u>	<u>\$ (327,501,035)</u>	<u>\$ (133,853,462)</u>	<u>\$ 184,158,791</u>	<u>\$ 50,305,329</u>

The accompanying notes are an integral part of these financial statement

Notes to Financial Statements

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements report the financial position and results of operations of the State Building Authority (the “Authority”), a blended component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2005. The Authority’s activity is reported as debt service and capital projects funds within the governmental funds in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*. In accordance with generally accepted accounting principles, there are no other component units included in this financial report.

The Authority was organized under Act 183, P.A. 1964, as amended, and is governed by a Board of Trustees consisting of five members appointed by the Governor, with the advice and consent of the Senate. The mission of the Authority is to construct, acquire, improve, enlarge, and lease facilities and equipment for use by the State or any of its agencies, including public institutions of higher education (universities and community colleges).

The Authority is authorized to issue and sell bonds in an aggregate principal amount outstanding not to exceed \$2.7 billion, excluding refunding bonds. The Authority is also authorized to issue and sell commercial paper notes as a short-term funding source for capital outlay projects prior to bonding. All bonds and commercial paper are limited obligations of the Authority and are not general obligations of the State or the Authority. The bonds are payable solely from equipment and facility lease payments, investment earnings, insurance proceeds, undisbursed bond proceeds retained by the Authority on a bond issue-specific basis, and any other assets pledged by the Authority to the bondholders.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The authority-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

The Authority reports two major governmental funds: a debt service fund and a capital projects fund.

These notes relate directly to the Authority; the *SOMCAFR* provides more thorough disclosures of the State's significant accounting policies.

Investments - Investments are stated at fair value. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool share.

Leases Receivable - Leases receivable represent amounts due from the State of Michigan for rent obligations, net of unearned income. No allowance for uncollectible amounts has been provided.

Project Costs in Progress - Project costs consist of capital costs incurred to date on various building projects. As the building projects are completed, the assets will be leased to the State of Michigan.

Debt Issue Costs - Debt issue costs are being amortized using the effective interest method over the life of the related debt. Accumulated amortization was \$2,876,588 at September 30, 2005.

Federal Arbitrage Liability - Included in "long-term debt" is a provision for federal arbitrage rebate, if any. Federal income tax regulations for certain debt issues require the Authority to rebate to the federal government the interest earned on invested debt proceeds in excess of interest paid. The Authority has recorded an estimated liability for this amount. All rebate amounts will be required to be forwarded to the federal government at a future date.

Long-Term Liabilities - Long-term liabilities are reported on the Authority's statement of net assets, net of the applicable bond premiums and discounts, as well as gains or losses on refunding, which are deferred and amortized over the life of the bonds using the effective interest method.

Lease Revenue - Lease payments are collected from the State of Michigan to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases whereby the present value of the future lease payments is recorded as a lease receivable using the interest rate implicit in the lease. Lease revenue is recognized as a constant percentage return on asset-carrying values.

2. INVESTMENTS

Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, requires certain disclosures regarding policies and practices with respect to deposits and investments and the credit risk associated with them.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

The Authority's investments are restricted by State statute to obligations of the State or U.S. government, obligations of which the principal and interest are guaranteed by the State or U.S. government, certificates of deposit of a financial institution, certain commercial paper, and repurchase agreements collateralized by U.S. government obligations and certain investment trusts. Certain other restrictions as to investments are contained in the bond resolution for each bond issue.

At September 30, 2005, the Authority had no deposits and had investments totaling \$216,534,053, which included \$6,000,000 in a guaranteed investment contract (due July 15, 2008 with interest at 6.5 percent per annum; classified as noncurrent) and \$210,534,053 in government money market accounts. The Authority's investments comply with State statute.

Applicable risk disclosures under GASB Statement No. 40 for the Authority's investments are as follows:

Credit risk – The Authority's investments in 2a-7 like money market accounts with U.S. Bank and J.P. Morgan are both rated AAAm by Standard & Poor's and Aaa by Moody's. The guaranteed investment contract is not rated.

Custodial credit risk – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Because investments in money market accounts are not evidenced by securities that exist in physical or book entry form they are not exposed to custodial credit risk.

3. LEASES RECEIVABLE

The Authority's leasing operations consist of leasing of facilities and equipment for use by the State of Michigan or any of its agencies under direct financing arrangements expiring in various years through October 15, 2039.

Following is a summary of the components of the Authority's net investment in direct financing leases at September 30, 2005:

Total minimum lease payments to be received	\$ 3,934,563,295
Less – Unearned income	<u>1,359,468,111</u>
Net leases receivable	<u>\$ 2,575,095,184</u>
Statement of Net Assets classification:	
Current portion of leases receivable	\$ 107,499,170
Long-term portion of leases receivable	<u>2,467,596,014</u>
Total	<u>\$ 2,575,095,184</u>

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

Minimum lease payments to be received from the State of Michigan as of September 30, 2005, is as follows:

2006	\$ 234,483,500
2007	234,483,500
2008	234,483,500
2009	234,483,500
2010	234,483,500
2011 through 2040	<u>2,762,145,795</u>
Total	<u>\$ 3,934,563,295</u>

4. SHORT-TERM DEBT - NOTES PAYABLE

The Authority issues commercial paper notes to fund capital projects prior to bonding. The notes are recorded at par at the time of issuance and are issued in conjunction with a bank letter of credit that has a maximum amount of \$500 million, a maximum maturity of 270 days, and a maximum interest rate of 10 percent. Issuance costs are capitalized as part of project costs. The interest rate is 2.68 percent at September 30, 2005.

Short-term debt activity for the year ended September 30, 2005, was as follows (in thousands):

Beginning balance	\$ 449,170
Additions	2,808,944
Reductions	<u>(2,923,937)</u>
Ending balance	<u>\$ 334,177</u>

5. LONG-TERM LIABILITIES

Each series of bonds and related lease contracts are financing transactions under which the Authority issues revenue bonds for the purpose of constructing or acquiring facilities and/or equipment for lease to the State or institutions of higher education. Each issue of bonds is secured by and payable from the rentals. Rentals may only be used for payment of the bonds to which such lease pertains and may not be used for the payment of any other issue of bonds or any other unrelated obligation of the Authority. Each such lease (prior to execution) has been approved by the State Administrative Board; by concurrent resolution of the Legislature adopted by majority vote of the members elected to and serving in each house; by resolution of the Board of Trustees of the Authority; and, where required, by the governing body of the appropriate institution of higher education. The lease payments for all of the facilities and equipment are appropriated as an annual operating cost by the State.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

The bonds represent limited obligations of the Authority and do not constitute general obligations of the Authority or general obligations or debts of the State or any of the institutions of higher education within the meaning of any constitutional or statutory limitation. The Authority has no taxing power. The bonds are payable from lease revenue to be paid by the State pursuant to the provisions of the leases and certain other funds and revenue provided for in the bond resolution.

Outstanding Debt

Long-term debt outstanding (excluding defeased bonds) at September 30, 2005 is as follows (in thousands):

	Date Sold	# of Projects	Original Amount Issued	Average Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable (in thousands)									
1998 Series I Refunding	12/17/98	7	\$ 330,405	4.746%	\$ 284,110	\$ -	\$ (11,005)	\$ 273,105	\$ 11,890
1999 Series I	05/18/99	6	85,690	4.543%	66,525	-	(66,525)	-	-
2000 Series I	11/30/00	8	147,855	5.244%	134,250	-	(5,315)	128,935	7,110
2001 Series I	03/07/01	12	121,680	5.272%	108,635	-	(108,635)	-	-
2001 Series I Refunding	06/21/01	17	419,730	5.262%	398,470	-	(10,965)	387,505	11,625
2001 Series II	10/24/01	10	170,095	5.288%	157,330	-	(157,330)	-	-
2002 Series III Refunding	12/05/02	16	215,205	4.558%	210,665	-	(5,525)	205,140	5,855
2003 Series I Refunding	07/30/03	19	659,420	3.635%	636,655	-	(38,135)	598,520	21,880
2003 Series II Refunding	12/01/03	44	392,590	4.415%	392,590	-	(6,075)	386,515	8,315
2004 Series I	05/27/04	5	155,350	4.076%	155,350	-	(3,245)	152,105	9,975
2005 Series I Multi Modal	01/20/05	14	189,300	Variable	-	189,300	-	189,300	4,000
2005 Series I Refunding	05/19/05	16	293,395	3.957%	-	293,395	-	293,395	1,425
Total revenue bonds payable			<u>\$ 3,180,715</u>		<u>\$ 2,544,580</u>	<u>\$ 482,695</u>	<u>\$ (412,755)</u>	<u>\$ 2,614,520</u>	<u>\$ 82,075</u>
Accrued compensated absences					19	28	(30)	17	
Arbitrage payable					182	-	(18)	164	
Add (deduct) deferred amounts:									
For issuance premiums					130,110	21,302	(8,649)	142,763	
On refunding					(56,851)	(17,574)	7,505	(66,920)	
Total long-term debt					<u>\$ 2,618,040</u>	<u>\$ 486,451</u>	<u>\$ (413,947)</u>	<u>\$ 2,690,544</u>	
Current portion								\$ 82,075	
Long-term portion								<u>2,608,469</u>	
								<u>\$ 2,690,544</u>	

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

The 2005 Series I Multi Modal Variable Bonds currently bear interest at a commercial paper rate and are remarketed at each maturity. At the discretion of the Authority, the notes may be converted to a Weekly or Dutch Auction rate. Given the variable nature of the bonds, there are no stated annual debt service requirements. However, for the future debt service requirements below, estimated interest was computed using the September 30, 2005 rate of 2.75 percent. Associated annual lease rentals are fully pledged for the payment of bond principal and interest. The bonds are subject to optional redemption by the Authority in any rate mode and have a nominal final maturity of October 15, 2039.

Debt Service Requirements

The annual requirements to service the outstanding debt are as follows (in thousands):

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 82,075	\$ 132,926	\$ 215,001
2007	100,450	130,104	230,554
2008	105,065	125,346	230,411
2009	109,990	120,127	230,117
2010	115,510	114,503	230,013
2011-2015	666,105	475,122	1,141,227
2016-2020	589,805	298,826	888,631
2021-2025	370,430	181,801	552,231
2026-2030	216,895	110,970	327,865
2031-2035	72,895	76,820	149,715
2036-2040	185,300	42,264	227,564
	<u>\$ 2,614,520</u>	<u>\$ 1,808,809</u>	<u>\$ 4,423,329</u>

Interest to maturity for the bonds may be significantly less than the amount shown in the above table because many of the bonds (i.e., sinking fund bonds) will be called prior to their final scheduled maturity date. The retirement of these bonds varies from project to project, as each bond issue is related to specific projects and any excess borrowing, and accrued investment earnings are restricted to projects and debt service on the related bonds.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

Advance Refunding

During the year, the Authority issued \$293,395,000 of revenue refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust, along with \$27,361,100 of Authority cash and \$21,302,120 of issuance premium, for the purpose of generating resources for all future debt service payments of \$314,950,000 of bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$17,574,305. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to secure more favorable interest rates, reduce debt service payments during the first 13 years of the 28-year bond amortization, and produce an economic gain of \$24,358,001; however, if serviced serially through the maturity date of October 15, 2033, total payments under the refunding bond would exceed those of the refunded bonds by \$117,030,846.

Defeased Debt

The Authority has defeased certain bond issues by placing refunding bond proceeds in an irrevocable trust to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

The following table summarizes the defeased bonds outstanding at September 30, 2005 (in thousands):

1994 Series II *	\$ 11,697
1996 Series I	42,735
1997 Series I	70,315
1997 Series II **	243,757
1998 Series I	75,210
1997 Series A	4,290
2000 (MSP Phase II)	31,110
2001 (MSP Phase III)	41,630
2002 (MSP Phase IV)	29,865
1991 Series I	61,865
2001 Series I	103,030
2001 Series II	<u>150,055</u>
Total	<u>\$ 865,559</u>

* The 1994 Series II bond issue consisted of capital appreciation bonds with an ultimate maturity value of \$13.0 million. The accreted value of this issue at year-end is \$11.7 million.

** The 1997 Series II bond issue includes capital appreciation bonds with an ultimate maturity value of \$34.7 million. The accreted value of this issue at year-end is \$26.9 million.

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The State of Michigan provides insurance coverage for the Authority.

7. ADJUSTMENTS

Following is an explanation of the adjustments between the governmental funds balance sheet and the statement of net assets, which reconciles fund balances to net assets:

Fund balances (deficit)	\$ (133,853,462)
--------------------------------	------------------

Adjustments:

Leases receivable are not <i>current financial resources</i> and therefore are not reported in the governmental funds	2,575,095,184
---	---------------

Project costs financed by short-term borrowings are temporarily capitalized for net assets until lease agreements are executed for those projects	336,816,363
---	-------------

Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets	18,306,968
--	------------

Bonds payable are not due and payable in the current period and therefore not reported in the governmental funds	(2,614,520,000)
--	-----------------

Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized for net assets (and added to bonds payable)	(142,763,229)
---	---------------

Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	66,920,173
--	------------

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

Accrued compensated absences and arbitrage payable are not recorded by governmental funds	\$ (181,245)
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Accrued interest payable on bonds is not recorded by governmental funds	<u>(55,515,423)</u>
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Net assets	<u><u>\$ 50,305,329</u></u>
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Following is an explanation of the adjustments between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities, which reconciles the net change in fund balances to the change in net assets:

Net change in fund balances	\$ 108,197,017
------------------------------------	-----------------------

Adjustments:

Amounts received for lease payments includes both principal and interest for purposes of governmental funds. For the statement of activities, the principal portions are eliminated with that portion of the receipts that pertain to interest being recognized as lease revenues.	(108,828,729)
--	---------------

Repayment of bond and note principal is an expenditure in the funds, but the repayment reduces long-term liabilities for <i>net assets</i>	119,933,846
--	-------------

Construction costs are recorded as expenditures in the funds, but increase leases receivable for <i>net assets</i>	70,077,829
--	------------

The issuance of bonds provides current financial resources and bond issuance costs and premiums are a use or source of current financial resources, respectively. These transactions do not effect *net assets* and therefore are eliminated:

Bond and refunding bond proceeds	(482,695,000)
Bond issuance costs	3,156,285
Premiums on refunding bonds	(21,302,120)
Payments to refunding escrow agent	312,226,818
Portion of escrow payments applicable to accrued interest	(1,831,358)

STATE BUILDING AUTHORITY OF THE STATE OF MICHIGAN

Notes to Financial Statements

Accrued interest expense on bonds and the amortization of bond issuance costs, premiums, and loss on refunding are not recorded by governmental funds but are reported under interest and fiscal charges for purposes of *net assets*:

Accrued interest expense	\$ 2,677,845
Amortization of bond issuance costs	(1,025,214)
Amortization of premiums on bonds	8,648,473
Amortization of loss on refunding	(7,505,238)

Estimated liability for arbitrage and accrued compensated absences is not recorded by governmental funds but is reported for purposes of determining *net assets*

19,991

Change in net assets

\$ 1,750,445

8. SUBSEQUENT EVENTS

On October 18, 2005 the Authority issued 2005 Revenue and Revenue Refunding Bonds, Series II (Facilities Program) with a par amount of \$242.8 million. This bond issue provided funds for the Authority to repay the Department of Treasury for the purchase of Constitution Hall and refunded the Authority's prior 2000 Revenue Bonds, Series I (Facilities Program) dated December 7, 2000.

* * * * *



REHMANN ROBSON

Certified Public Accountants

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BAKER TILLY
INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

November 2, 2005

Mr. Robert C. Carr, Chairperson
State Building Authority of the State of Michigan
Lansing, Michigan

and

Mr. Thomas H. McTavish, CPA
Auditor General
State of Michigan
Lansing, Michigan

We have audited the financial statements of the governmental activities and each major fund of the State Building Authority of the State of Michigan, a blended component unit of the State of Michigan, for the year ended September 30, 2005, which collectively comprise the Authority's basic financial statements. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State Building Authority of the State of Michigan.

For management decision-making purposes, the Authority uses project accounting for each bond issue. This information is intended to assist management and presents these bond issues on the modified accrual basis.

This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

State Building Authority of the State of Michigan
Commercial Paper Program, Series 4
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ -	\$ 10,787,828	\$ 10,787,828
Accrued interest receivable	-	34,157	34,157
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	-	10,821,985	10,821,985
Noncurrent assets			
Investments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 10,821,985</u>	<u>\$ 10,821,985</u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ 203,025	\$ 203,025
Due to State of Michigan	-	13,224,166	13,224,166
Due to other funds	-	-	-
Accrued interest payable	-	883,326	883,326
Short-term debt	-	334,177,000	334,177,000
Total liabilities	-	348,487,517	348,487,517
PROJECT EQUITY			
Unreserved (deficit)	-	(337,665,532)	(337,665,532)
Total liabilities and project equity	<u>\$ -</u>	<u>\$ 10,821,985</u>	<u>\$ 10,821,985</u>
OUTSTANDING DEBT (short-term)			<u>\$ 334,177,000</u>

State Building Authority of the State of Michigan
Commercial Paper Program, Series 4
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ -	\$ 1,656,088	\$ 1,656,088
Lease revenue	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	-	1,656,088	1,656,088
	<hr/>	<hr/>	<hr/>
Expenditures			
Current - general government	-	78,827	78,827
Capital outlay	-	43,215,588	43,215,588
Capital outlay reimbursed to State of Michigan	-	7,724,972	7,724,972
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	8,419,156	8,419,156
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	59,438,543	59,438,543
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(57,782,455)	(57,782,455)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	183,008,307	183,008,307
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	183,008,307	183,008,307
	<hr/>	<hr/>	<hr/>
Net change in project equity	-	125,225,852	125,225,852
	<hr/>	<hr/>	<hr/>
Project equity (deficit)			
Beginning of year	-	(462,891,384)	(462,891,384)
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ -</u>	<u>\$ (337,665,532)</u>	<u>\$ (337,665,532)</u>

State Building Authority of the State of Michigan
1998 Revenue Refunding Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 18,715,942	\$ -	\$ 18,715,942
Accrued interest receivable	48,615	-	48,615
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>18,764,557</u>	<u>-</u>	<u>18,764,557</u>
Noncurrent assets			
Investments	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>
Total assets	<u><u>\$ 24,764,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,764,557</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>24,764,557</u>	<u>-</u>	<u>24,764,557</u>
Total liabilities and project equity	<u><u>\$ 24,764,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,764,557</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 273,105,000</u></u>

State Building Authority of the State of Michigan
1998 Revenue Refunding Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 479,172	\$ -	\$ 479,172
Lease revenue	24,846,048	-	24,846,048
Other revenue	-	-	-
	<u>25,325,220</u>	<u>-</u>	<u>25,325,220</u>
Expenditures			
Current - general government	50,629	-	50,629
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	11,005,000	-	11,005,000
Interest and fiscal charges	13,928,158	-	13,928,158
Debt issuance costs	-	-	-
	<u>24,983,787</u>	<u>-</u>	<u>24,983,787</u>
Revenue over (under) expenditures	<u>341,433</u>	<u>-</u>	<u>341,433</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	341,433	-	341,433
Project equity			
Beginning of year	<u>24,423,124</u>	<u>-</u>	<u>24,423,124</u>
End of year	<u>\$ 24,764,557</u>	<u>\$ -</u>	<u>\$ 24,764,557</u>

State Building Authority of the State of Michigan
1999 Revenue Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
Noncurrent assets			
Investments	-	-	-
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	-	-	-
Total liabilities and project equity	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ -</u></u>

State Building Authority of the State of Michigan
1999 Revenue Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 66,113	\$ -	\$ 66,113
Lease revenue	5,146,664	-	5,146,664
Other revenue	-	-	-
	<u>5,212,777</u>	<u>-</u>	<u>5,212,777</u>
Total revenue			
	<u>5,212,777</u>	<u>-</u>	<u>5,212,777</u>
Expenditures			
Current - general government	-	-	-
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	4,660,000	-	4,660,000
Interest and fiscal charges	2,935,281	-	2,935,281
Debt issuance costs	-	-	-
	<u>7,595,281</u>	<u>-</u>	<u>7,595,281</u>
Total expenditures			
	<u>7,595,281</u>	<u>-</u>	<u>7,595,281</u>
Revenue over (under) expenditures			
	<u>(2,382,504)</u>	<u>-</u>	<u>(2,382,504)</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(5,737,033)	-	(5,737,033)
	<u>(5,737,033)</u>	<u>-</u>	<u>(5,737,033)</u>
Total other financing sources (uses)			
	<u>(5,737,033)</u>	<u>-</u>	<u>(5,737,033)</u>
Net change in project equity			
	<u>(8,119,537)</u>	<u>-</u>	<u>(8,119,537)</u>
Project equity			
Beginning of year	8,119,537	-	8,119,537
	<u>8,119,537</u>	<u>-</u>	<u>8,119,537</u>
End of year			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Building Authority of the State of Michigan
2000 Revenue Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 13,543,886	\$ -	\$ 13,543,886
Accrued interest receivable	35,368	-	35,368
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>13,579,254</u>	<u>-</u>	<u>13,579,254</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 13,579,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,579,254</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>13,579,254</u>	<u>-</u>	<u>13,579,254</u>
Total liabilities and project equity	<u><u>\$ 13,579,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,579,254</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 128,935,000</u></u>

State Building Authority of the State of Michigan
2000 Revenue Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 220,497	\$ 21,344	\$ 241,841
Lease revenue	12,285,012	-	12,285,012
Other revenue	-	-	-
	<u>12,505,509</u>	<u>21,344</u>	<u>12,526,853</u>
Expenditures			
Current - general government	24,310	-	24,310
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	5,315,000	-	5,315,000
Interest and fiscal charges	6,886,344	-	6,886,344
Debt issuance costs	-	-	-
	<u>12,225,654</u>	<u>-</u>	<u>12,225,654</u>
Revenue over (under) expenditures	<u>279,855</u>	<u>21,344</u>	<u>301,199</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	1,387,050	-	1,387,050
Transfers out	-	(1,387,050)	(1,387,050)
	<u>1,387,050</u>	<u>(1,387,050)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,387,050</u>	<u>(1,387,050)</u>	<u>-</u>
Net change in project equity	1,666,905	(1,365,706)	301,199
Project equity			
Beginning of year	<u>11,912,349</u>	<u>1,365,706</u>	<u>13,278,055</u>
End of year	<u>\$ 13,579,254</u>	<u>\$ -</u>	<u>\$ 13,579,254</u>

State Building Authority of the State of Michigan
2001 Revenue Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	-	-	-
Noncurrent assets			
Investments	-	-	-
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	-	-	-
Total liabilities and project equity	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ -</u></u>

State Building Authority of the State of Michigan
2001 Revenue Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 94,304	\$ 40,466	\$ 134,770
Lease revenue	7,519,344	-	7,519,344
Other revenue	-	-	-
	<u>7,613,648</u>	<u>40,466</u>	<u>7,654,114</u>
Expenditures			
Current - general government	-	-	-
Capital outlay	-	804	804
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	5,605,000	-	5,605,000
Interest and fiscal charges	5,589,294	-	5,589,294
Debt issuance costs	-	-	-
	<u>11,194,294</u>	<u>804</u>	<u>11,195,098</u>
Revenue over (under) expenditures	<u>(3,580,646)</u>	<u>39,662</u>	<u>(3,540,984)</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	<u>(7,721,420)</u>	<u>(2,975,756)</u>	<u>(10,697,176)</u>
Total other financing sources (uses)	<u>(7,721,420)</u>	<u>(2,975,756)</u>	<u>(10,697,176)</u>
Net change in project equity	(11,302,066)	(2,936,094)	(14,238,160)
Project equity			
Beginning of year	<u>11,302,066</u>	<u>2,936,094</u>	<u>14,238,160</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Building Authority of the State of Michigan
2001 Revenue Refunding Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 30,133,747	\$ 523,328	\$ 30,657,075
Accrued interest receivable	71,162	1,238	72,400
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>30,204,909</u>	<u>524,566</u>	<u>30,729,475</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 30,204,909</u></u>	<u><u>\$ 524,566</u></u>	<u><u>\$ 30,729,475</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>30,204,909</u>	<u>524,566</u>	<u>30,729,475</u>
Total liabilities and project equity	<u><u>\$ 30,204,909</u></u>	<u><u>\$ 524,566</u></u>	<u><u>\$ 30,729,475</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 387,505,000</u></u>

State Building Authority of the State of Michigan
2001 Revenue Refunding Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 457,411	\$ 10,658	\$ 468,069
Lease revenue	32,058,516	-	32,058,516
Other revenue	-	-	-
	<u>32,515,927</u>	<u>10,658</u>	<u>32,526,585</u>
Expenditures			
Current - general government	62,711	-	62,711
Capital outlay	-	7,146	7,146
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	10,965,000	-	10,965,000
Interest and fiscal charges	20,857,894	-	20,857,894
Debt issuance costs	-	-	-
	<u>31,885,605</u>	<u>7,146</u>	<u>31,892,751</u>
Revenue over (under) expenditures	<u>630,322</u>	<u>3,512</u>	<u>633,834</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	630,322	3,512	633,834
Project equity			
Beginning of year	<u>29,574,587</u>	<u>521,054</u>	<u>30,095,641</u>
End of year	<u>\$ 30,204,909</u>	<u>\$ 524,566</u>	<u>\$ 30,729,475</u>

State Building Authority of the State of Michigan
2001 Revenue Bonds, Series II
Project Balance Sheet
September 30, 2005

	<u>Debt Service Activities</u>	<u>Capital Projects Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Investments	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and project equity	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ -</u></u>

State Building Authority of the State of Michigan
2001 Revenue Bonds, Series II
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 127,320	\$ 13,775	\$ 141,095
Lease revenue	10,227,320	-	10,227,320
Other revenue	-	119,983	119,983
	<u>10,354,640</u>	<u>133,758</u>	<u>10,488,398</u>
Expenditures			
Current - general government	19,312	-	19,312
Capital outlay	-	111,366	111,366
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	7,275,000	-	7,275,000
Interest and fiscal charges	7,998,551	-	7,998,551
Debt issuance costs	-	-	-
	<u>15,292,863</u>	<u>111,366</u>	<u>15,404,229</u>
Revenue over (under) expenditures	<u>(4,938,223)</u>	<u>22,392</u>	<u>(4,915,831)</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(10,243,576)	(729,940)	(10,973,516)
	<u>(10,243,576)</u>	<u>(729,940)</u>	<u>(10,973,516)</u>
Net change in project equity	(15,181,799)	(707,548)	(15,889,347)
Project equity			
Beginning of year	<u>15,181,799</u>	<u>707,548</u>	<u>15,889,347</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Building Authority of the State of Michigan
2002 Revenue Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ -	\$ 616,349	\$ 616,349
Accrued interest receivable	-	1,458	1,458
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	-	617,807	617,807
Noncurrent assets			
Investments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 617,807</u>	<u>\$ 617,807</u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	-	617,807	617,807
Total liabilities and project equity	<u>\$ -</u>	<u>\$ 617,807</u>	<u>\$ 617,807</u>
OUTSTANDING DEBT (long-term)			<u>\$ -</u>

State Building Authority of the State of Michigan
2002 Revenue Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ -	\$ 12,713	\$ 12,713
Lease revenue	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	-	12,713	12,713
	<hr/>	<hr/>	<hr/>
Expenditures			
Current - general government	-	-	-
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	12,713	12,713
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in project equity	-	12,713	12,713
	<hr/>	<hr/>	<hr/>
Project equity			
Beginning of year	-	605,094	605,094
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ -</u>	<u>\$ 617,807</u>	<u>\$ 617,807</u>

State Building Authority of the State of Michigan
2002 Revenue Bonds, Series II
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ -	\$ 397,063	\$ 397,063
Accrued interest receivable	-	939	939
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	-	398,002	398,002
Noncurrent assets			
Investments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 398,002</u>	<u>\$ 398,002</u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	-	-	-
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	-	398,002	398,002
Total liabilities and project equity	<u>\$ -</u>	<u>\$ 398,002</u>	<u>\$ 398,002</u>
OUTSTANDING DEBT (long-term)			<u>\$ -</u>

State Building Authority of the State of Michigan
2002 Revenue Bonds, Series II
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ -	\$ 9,099	\$ 9,099
Lease revenue	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	-	9,099	9,099
	<hr/>	<hr/>	<hr/>
Expenditures			
Current - general government	-	-	-
Capital outlay	-	10,000	10,000
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	10,000	10,000
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	(901)	(901)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in project equity	-	(901)	(901)
	<hr/>	<hr/>	<hr/>
Project equity			
Beginning of year	-	398,903	398,903
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ -</u>	<u>\$ 398,002</u>	<u>\$ 398,002</u>

State Building Authority of the State of Michigan
2002 Revenue and Refunding Revenue Bonds, Series III
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 15,080,350	\$ 3,551,779	\$ 18,632,129
Accrued interest receivable	39,303	9,560	48,863
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>15,119,653</u>	<u>3,561,339</u>	<u>18,680,992</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 15,119,653</u></u>	<u><u>\$ 3,561,339</u></u>	<u><u>\$ 18,680,992</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	377,154	377,154
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	377,154	377,154
PROJECT EQUITY			
Unreserved	<u>15,119,653</u>	<u>3,184,185</u>	<u>18,303,838</u>
Total liabilities and project equity	<u><u>\$ 15,119,653</u></u>	<u><u>\$ 3,561,339</u></u>	<u><u>\$ 18,680,992</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 205,140,000</u></u>

State Building Authority of the State of Michigan
2002 Revenue and Refunding Revenue Bonds, Series III
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 262,604	\$ 103,075	\$ 365,679
Lease revenue	16,094,988	-	16,094,988
Other revenue	-	8,062	8,062
	<u>16,357,592</u>	<u>111,137</u>	<u>16,468,729</u>
Expenditures			
Current - general government	62,182	-	62,182
Capital outlay	-	853,802	853,802
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	5,525,000	-	5,525,000
Interest and fiscal charges	10,564,445	-	10,564,445
Debt issuance costs	-	-	-
	<u>16,151,627</u>	<u>853,802</u>	<u>17,005,429</u>
Revenue over (under) expenditures	<u>205,965</u>	<u>(742,665)</u>	<u>(536,700)</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in project equity	205,965	(742,665)	(536,700)
Project equity			
Beginning of year	<u>14,913,688</u>	<u>3,926,850</u>	<u>18,840,538</u>
End of year	<u>\$ 15,119,653</u>	<u>\$ 3,184,185</u>	<u>\$ 18,303,838</u>

State Building Authority of the State of Michigan
2003 Revenue Refunding Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 55,516,861	\$ -	\$ 55,516,861
Accrued interest receivable	139,125	29	139,154
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>55,655,986</u>	<u>29</u>	<u>55,656,015</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 55,655,986</u></u>	<u><u>\$ 29</u></u>	<u><u>\$ 55,656,015</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 600	\$ -	\$ 600
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	600	-	600
PROJECT EQUITY			
Unreserved	<u>55,655,386</u>	<u>29</u>	<u>55,655,415</u>
Total liabilities and project equity	<u><u>\$ 55,655,986</u></u>	<u><u>\$ 29</u></u>	<u><u>\$ 55,656,015</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 598,520,000</u></u>

State Building Authority of the State of Michigan
2003 Revenue Refunding Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 962,910	\$ 46,099	\$ 1,009,009
Lease revenue	69,673,968	-	69,673,968
Other revenue	-	35,831	35,831
	<u>70,636,878</u>	<u>81,930</u>	<u>70,718,808</u>
Expenditures			
Current - general government	131,764	-	131,764
Capital outlay	-	13,170,852	13,170,852
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	38,135,000	-	38,135,000
Interest and fiscal charges	31,928,964	-	31,928,964
Debt issuance costs	-	-	-
	<u>70,195,728</u>	<u>13,170,852</u>	<u>83,366,580</u>
Revenue over (under) expenditures	<u>441,150</u>	<u>(13,088,922)</u>	<u>(12,647,772)</u>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	1,597,353	-	1,597,353
Transfers out	-	(43,261)	(43,261)
	<u>1,597,353</u>	<u>(43,261)</u>	<u>1,554,092</u>
Total other financing sources (uses)	<u>1,597,353</u>	<u>(43,261)</u>	<u>1,554,092</u>
Net change in project equity	2,038,503	(13,132,183)	(11,093,680)
Project equity			
Beginning of year	<u>53,616,883</u>	<u>13,132,212</u>	<u>66,749,095</u>
End of year	<u>\$ 55,655,386</u>	<u>\$ 29</u>	<u>\$ 55,655,415</u>

State Building Authority of the State of Michigan
2003 Revenue Refunding Bonds, Series II
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 18,633,623	\$ 3,875,659	\$ 22,509,282
Accrued interest receivable	45,554	11,867	57,421
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>18,679,177</u>	<u>3,887,526</u>	<u>22,566,703</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 18,679,177</u></u>	<u><u>\$ 3,887,526</u></u>	<u><u>\$ 22,566,703</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	73,773	73,773
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	73,773	73,773
PROJECT EQUITY			
Unreserved	<u>18,679,177</u>	<u>3,813,753</u>	<u>22,492,930</u>
Total liabilities and project equity	<u><u>\$ 18,679,177</u></u>	<u><u>\$ 3,887,526</u></u>	<u><u>\$ 22,566,703</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 386,515,000</u></u>

State Building Authority of the State of Michigan
2003 Revenue Refunding Bonds, Series II
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 227,870	\$ 158,188	\$ 386,058
Lease revenue	27,560,004	-	27,560,004
Other revenue	-	2,899,863	2,899,863
Total revenue	27,787,874	3,058,051	30,845,925
Expenditures			
Current - general government	77,851	-	77,851
Capital outlay	-	2,065,384	2,065,384
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	6,075,000	-	6,075,000
Interest and fiscal charges	19,294,813	-	19,294,813
Debt issuance costs	-	-	-
Total expenditures	25,447,664	2,065,384	27,513,048
Revenue over (under) expenditures	2,340,210	992,667	3,332,877
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	(2,303,086)	(905,869)	(3,208,955)
Total other financing sources (uses)	(2,303,086)	(905,869)	(3,208,955)
Net change in project equity	37,124	86,798	123,922
Project equity			
Beginning of year	18,642,053	3,726,955	22,369,008
End of year	\$ 18,679,177	\$ 3,813,753	\$ 22,492,930

State Building Authority of the State of Michigan
2004 Revenue and Refunding Revenue Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 13,662,345	\$ -	\$ 13,662,345
Accrued interest receivable	32,242	-	32,242
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>13,694,587</u>	<u>-</u>	<u>13,694,587</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 13,694,587</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,694,587</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>13,694,587</u>	<u>-</u>	<u>13,694,587</u>
Total liabilities and project equity	<u><u>\$ 13,694,587</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,694,587</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 152,105,000</u></u>

State Building Authority of the State of Michigan
2004 Revenue and Refunding Revenue Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 170,254	\$ 1,325	\$ 171,579
Lease revenue	17,029,992	-	17,029,992
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	17,200,246	1,325	17,201,571
	<hr/>	<hr/>	<hr/>
Expenditures			
Current - general government	25,992	-	25,992
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	3,245,000	-	3,245,000
Interest and fiscal charges	6,070,395	-	6,070,395
Debt issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	9,341,387	-	9,341,387
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	7,858,859	1,325	7,860,184
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	14,402	-	14,402
Transfers out	-	(14,402)	(14,402)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	14,402	(14,402)	-
	<hr/>	<hr/>	<hr/>
Net change in project equity	7,873,261	(13,077)	7,860,184
	<hr/>	<hr/>	<hr/>
Project equity			
Beginning of year	5,821,326	13,077	5,834,403
	<hr/>	<hr/>	<hr/>
End of year	\$ 13,694,587	\$ -	\$ 13,694,587
	<hr/>	<hr/>	<hr/>

State Building Authority of the State of Michigan
2005 Multi-Modal, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 9,813,383	\$ 3,565,255	\$ 13,378,638
Accrued interest receivable	24,569	9,686	34,255
Due from State of Michigan	6,408	-	6,408
Due from other funds	-	-	-
Total current assets	<u>9,844,360</u>	<u>3,574,941</u>	<u>13,419,301</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 9,844,360</u></u>	<u><u>\$ 3,574,941</u></u>	<u><u>\$ 13,419,301</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 42,328	\$ -	\$ 42,328
Due to State of Michigan	-	1,948,786	1,948,786
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	42,328	1,948,786	1,991,114
PROJECT EQUITY			
Unreserved	<u>9,802,032</u>	<u>1,626,155</u>	<u>11,428,187</u>
Total liabilities and project equity	<u><u>\$ 9,844,360</u></u>	<u><u>\$ 3,574,941</u></u>	<u><u>\$ 13,419,301</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 189,300,000</u></u>

State Building Authority of the State of Michigan
2005 Multi-Modal, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 119,090	\$ 80,253	\$ 199,343
Lease revenue	9,790,452	-	9,790,452
Other revenue	6,408	-	6,408
Total revenue	9,915,950	80,253	9,996,203
Expenditures			
Current - general government	214,518	75,000	289,518
Capital outlay	-	2,917,915	2,917,915
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	2,621,157	-	2,621,157
Debt issuance costs	-	685,982	685,982
Total expenditures	2,835,675	3,678,897	6,514,572
Revenue over (under) expenditures	7,080,275	(3,598,644)	3,481,631
Other financing sources (uses)			
Long-term debt issued	-	189,300,000	189,300,000
Refunding debt issued	-	-	-
Premiums on refunding debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	2,721,757	-	2,721,757
Transfers out	-	(184,075,201)	(184,075,201)
Total other financing sources (uses)	2,721,757	5,224,799	7,946,556
Net change in project equity	9,802,032	1,626,155	11,428,187
Project equity			
Beginning of year	-	-	-
End of year	<u>\$ 9,802,032</u>	<u>\$ 1,626,155</u>	<u>\$ 11,428,187</u>

State Building Authority of the State of Michigan
2005 Revenue Refunding Bonds, Series I
Project Balance Sheet
September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 12,116,655	\$ -	\$ 12,116,655
Accrued interest receivable	31,363	-	31,363
Due from State of Michigan	-	-	-
Due from other funds	-	-	-
Total current assets	<u>12,148,018</u>	<u>-</u>	<u>12,148,018</u>
Noncurrent assets			
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 12,148,018</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,148,018</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Due to State of Michigan	-	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Short-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-
PROJECT EQUITY			
Unreserved	<u>12,148,018</u>	<u>-</u>	<u>12,148,018</u>
Total liabilities and project equity	<u><u>\$ 12,148,018</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,148,018</u></u>
OUTSTANDING DEBT (long-term)			<u><u>\$ 293,395,000</u></u>

State Building Authority of the State of Michigan
2005 Revenue Refunding Bonds, Series I
Schedule of Project Revenue, Expenditures
and Changes in Project Equity
Year Ended September 30, 2005

	Debt Service Activities	Capital Projects Activities	Total
Revenue			
Investment income	\$ 96,733	\$ -	\$ 96,733
Lease revenue	6,848,332	-	6,848,332
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	6,945,065	-	6,945,065
	<hr/>	<hr/>	<hr/>
Expenditures			
Current - general government	75,925	-	75,925
Capital outlay	-	-	-
Capital outlay reimbursed to State of Michigan	-	-	-
Debt service:			
Principal	22,128,846	-	22,128,846
Interest and fiscal charges	-	-	-
Debt issuance costs	2,470,303	-	2,470,303
	<hr/>	<hr/>	<hr/>
Total expenditures	24,675,074	-	24,675,074
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(17,730,009)	-	(17,730,009)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Long-term debt issued	-	-	-
Refunding debt issued	293,395,000	-	293,395,000
Premiums on refunding debt	21,302,120	-	21,302,120
Payment to refunding escrow agent	(312,226,818)	-	(312,226,818)
Transfers in	27,407,725	-	27,407,725
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	29,878,027	-	29,878,027
	<hr/>	<hr/>	<hr/>
Net change in project equity	12,148,018	-	12,148,018
	<hr/>	<hr/>	<hr/>
Project equity			
Beginning of year	-	-	-
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 12,148,018</u>	<u>\$ -</u>	<u>\$ 12,148,018</u>

State Bulding Authority of the State of Michigan
Schedule of Bonds Payable (at par)
Including Mandatory Redemption Provisions
September 30, 2005
(in thousands)

<u>Year Ending September 30,</u>	<u>1998 Series I Refunding</u>	<u>2000 Series I</u>	<u>2001 Series I Refunding</u>	<u>2002 Series III Refunding</u>	<u>2003 Series I Refunding</u>	<u>2003 Series II Refunding</u>
2006	\$ 11,890	\$ 7,110	\$ 11,625	\$ 5,855	\$ 21,880	\$ 8,315
2007	11,560	5,785	11,990	5,890	40,000	8,730
2008	12,140	6,095	12,590	6,065	42,000	9,170
2009	12,745	6,435	13,285	6,340	44,100	9,530
2010	13,385	6,790	14,015	6,645	46,305	10,010
2011	14,085	7,165	14,785	6,965	48,620	10,395
2012	14,825	7,560	15,600	7,310	51,050	10,915
2013	15,605	7,935	16,455	7,670	53,730	11,420
2014	16,425	8,335	17,360	8,055	56,550	12,020
2015	17,285	8,750	18,315	8,485	59,520	12,650
2016	18,195	9,180	19,325	8,940	62,645	13,315
2017	19,125	9,660	20,385	9,425	63,170	14,015
2018	20,105	10,165	21,510	9,930	8,950	14,750
2019	21,060	10,700	22,690	10,465	-	15,485
2020	22,060	11,260	23,940	11,025	-	16,260
2021	23,110	3,675	25,255	11,620	-	17,075
2022	9,505	2,335	26,550	12,245	-	17,930
2023	-	-	27,930	12,900	-	18,825
2024	-	-	29,325	13,595	-	19,765
2025	-	-	13,855	14,275	-	20,755
2026	-	-	10,720	14,990	-	21,790
2027	-	-	-	6,450	-	22,880
2028	-	-	-	-	-	24,025
2029	-	-	-	-	-	25,225
2030	-	-	-	-	-	21,265
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
	<u>\$ 273,105</u>	<u>\$ 128,935</u>	<u>\$ 387,505</u>	<u>\$ 205,140</u>	<u>\$ 598,520</u>	<u>\$ 386,515</u>

2004 Series I Refunding	2005 Series I Multi Modal	2005 Series I Refunding	Totals
\$ 9,975	\$ 4,000	\$ 1,425	\$ 82,075
10,275	-	6,220	100,450
10,600	-	6,405	105,065
10,895	-	6,660	109,990
11,375	-	6,985	115,510
11,915	-	7,315	121,245
12,525	-	7,665	127,450
13,180	-	6,115	132,110
13,830	-	6,420	138,995
14,560	-	6,740	146,305
15,330	-	7,075	154,005
7,485	-	7,430	150,695
3,960	-	7,800	97,170
4,140	-	8,190	92,730
2,060	-	8,600	95,205
-	-	9,030	89,765
-	-	9,485	78,050
-	-	9,960	69,615
-	-	10,455	73,140
-	-	10,975	59,860
-	-	11,855	59,355
-	-	12,805	42,135
-	-	13,825	37,850
-	-	14,935	40,160
-	-	16,130	37,395
-	-	16,940	16,940
-	-	17,790	17,790
-	-	18,680	18,680
-	-	19,485	19,485
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	185,300	-	185,300
<u>\$ 152,105</u>	<u>\$ 189,300</u>	<u>\$ 293,395</u>	<u>\$ 2,614,520</u>